

Decision No. 79988

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application	)	
of SOUTHERN CALIFORNIA EDISON	)	
COMPANY, a corporation, for	)	
authority to issue and sell not	)	Application No. 53247
to exceed 750,000 shares of \$100	)	(Filed April 3, 1972)
Cumulative Preferred Stock, ____%	)	
Series, \$100 Par Value.	)	

O P I N I O N

Southern California Edison Company seeks an order of the Commission authorizing it to issue, sell and deliver not exceeding 750,000 shares of its \$100 Cumulative Preferred Stock of the aggregate par value amounting to \$75,000,000.

After payment and discharge of obligations incurred for expenses incident to the issuance and sale of said stock, including compensation payable to underwriters in connection therewith, applicant proposes to use the stock proceeds (a) to retire and discharge short-term notes, if any, and (b) to reimburse its treasury for capital expenditures.

The utility reports uncanceled construction expenditures of \$502,786,000 as of February 29, 1972, and estimates that the gross expenditures for its construction program during the years 1972 and 1973 will approximate \$745,000,000.

Applicant's capital ratios as of February 29, 1972, and as adjusted to give effect to the proposed stock issue, are summarized from the application as follows:

	<u>Feb. 29, 1972</u>	<u>Pro forma</u>
Long-term debt	52.3%	51.1%
Preferred and preference stock	11.4	13.4
Common stock equity	<u>36.3</u>	<u>35.5</u>
Total	<u>100.0%</u>	<u>100.0%</u>

The application shows that the utility has commenced preliminary negotiations with The First Boston Corporation and Dean Witter & Co. Incorporated regarding the dividend rate, rights, preferences and privileges for the new stock, the compensation to be paid to underwriters, and the form of agreement with underwriters reflecting commitments to purchase the new stock and to offer it to the public. The shares would be subject to restrictions upon redemption during the first five years.

After consideration the Commission finds that:

1. The proposed stock issue is for proper purposes.
2. Applicant has need for external funds for the purposes set forth in this proceeding.
3. The proposed restricted redemption provision is reasonable.
4. The money, property or labor to be procured or paid for by the issue of the stock herein authorized is reasonably required for the purposes specified herein, which purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

On the basis of the foregoing findings we conclude that the application should be granted. A public hearing is not necessary.

In issuing our order herein, we place applicant and its shareholders on notice that we do not regard the number of shares outstanding, the total par value of the shares nor the dividends paid as measuring the return it should be allowed to earn on its investment in plant, and that the authorization herein granted is not to be construed as a finding of the value of the company's stock or properties, nor as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

Applicant is hereby placed on further notice that, if the Commission should believe the negotiated dividend rate or underwriters' compensation pertaining to the proposed stock issue would result in excessive effective costs, it would take into consideration in rate proceedings only that which it deems reasonable.

O R D E R

IT IS ORDERED that:

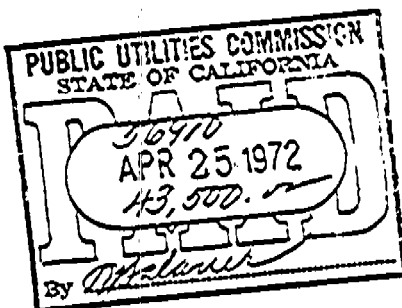
1. Southern California Edison Company, in accordance with terms and provisions consistent with the application, may issue, sell and deliver, at a price of not less than \$100 per share, not exceeding 750,000 shares of its \$100 Cumulative Preferred Stock of the aggregate par value of not exceeding \$75,000,000.
2. Southern California Edison Company shall apply the proceeds from the sale of said stock to the purposes set forth in the application.
3. Promptly after Southern California Edison Company ascertains the dividend rate and underwriters' compensation pertaining to said stock, the company shall notify the Commission of each in writing.

4. As soon as available, Southern California Edison Company shall file with the Commission three copies of its prospectus pertaining to said stock.

5. Within one month after issuing and selling the stock herein authorized, Southern California Edison Company shall file with the Commission a statement, in lieu of a report under General Order No. 24-B, disclosing the purposes to which the stock proceeds were applied.

6. This order shall become effective when Southern California Edison Company has paid the fee prescribed by Section 1904.1 of the Public Utilities Code, which fee is \$43,500.

Dated at San Francisco, California, this 25th day of APRIL, 1972.



William J. Wilson, Jr. Chairman  
James L. Stinson  
Commissioners

Commissioner J. Wilson, Jr., being necessarily absent, did not participate in the disposition of this proceeding.